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Societa' : SOGEFI

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Informazione
Regolamentata

Nome utilizzatore : SOGEFIN02 - YANN ALBRAND/
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Diffusione presunta

Oggetto : Sogefi (CIR Group): in 9M 2018 revenues
at € 1,219.8m (+3.3% at constant
exchange rates), net income at € 23.1m

Testo del comunicato

Vedi allegato.



PRESS RELEASE

Board of Directors approves results as of September 30 2018

SOGEFI (CIR GROUP):

Revenues at € 1,219.8m in 9M 2018 (+3.3% at constant exchange rates, outperforming the market; € 1,242.3m in 9M 2017)

EBITDA at € 153.1m (€ 161.9m in 9M 2017)

Net income at € 23.1m (€ 27.9m in 9M 2017)

Net debt at € 286.2m (€ 266.7m at 9/30/2017)

Highlights from 9M 2018 results

(in €m)

	9M 2017*	9M 2018	<u>Δ%</u>	Δ% same exchange rates
Revenues	1,242.3	1,219.8	-1.8	+3.3
EBITDA	161.9	153.1	-5.4	-1.5
EBIT	70.3	63.7	-9.5	-6.0
Net income	27.9	23.1	-17.0	-14.7
Net debt (end of period)	266.7	286.2		

*The values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers"

Milan, October 22 2018 - The **Board of Directors** of **Sogefi S.p.A.**, which met today under the chairmanship of **Monica Mondardini**, approved the **Interim Financial Report as of September 30 2018**.

Sogefi, a company of the **CIR Group**, is a leading global manufacturer of automotive components in three business segments: **Air & Cooling, Filtration and Suspensions**.

Laurent Hebenstreit, Chief Executive of Sogefi, said:

"In the first nine months of the year Sogefi has outperformed the market. Profitability declined in Suspensions due to the increase in steel costs. Free cash flow reflects the unfavourable performance of working capital and investments in India and Morocco".

Revenues up by 3.3% at constant exchange rates

In the first nine months of 2018, the global automotive market reported a slowdown in growth with

production rising by 0.8%. Production declined in Europe (-0.4%) because of the weak third quarter (-6%) and in North America (-1.3%). By contrast, it was higher in South America (+7.7%) and in Asia (2.7%), the latter thanks particularly to the good performance of the Indian market and despite the slowdown of the Chinese market.

The considerable movements of the exchange rates of the various currencies in which the group operates, all of which lost significant value against the Euro, had a strong negative impact on the evolution of the main economic indicators and particularly on revenues.

In this environment, in the first nine months of the year Sogefi reported **revenues of € 1,219.8 million**, up 3.3% at constant exchange rates, outperforming the market; at current exchange rates revenues declined by 1.8% compared to the same period of 2017.

Revenues by geographical areas

(in millions of Euro)	Q3 2018	Q3 2017	change	constant exchange rate	reference market production	9M 2018	9M2017	change	constant exchange rate	reference market production	weight based on 9M 2018
	Amount	Amount	%	%	%	Amount	Amount	%	%	%	%
Europe	224.9	231.6	(2.9)	(3.0)	(6.0)	757.1	761.5	(0.6)	(0.4)	(0.4)	62.1
North America	74.7	66.5	12.3	13.2	2.0	219.7	223.0	(1.5)	5.3	(1.3)	18.0
South America	42.2	50.0	(15.6)	22.0	2.5	128.1	150.0	(14.6)	16.2	7.7	10.5
Asia	41.5	39.6	4.8	8.6	(2.0)	123.9	119.4	3.7	9.5	2.7	10.2
Intercompany eliminations	(2.6)	(2.9)				(9.0)	(11.6)				
Total	380.7	384.8	(1.1)	3.5	(2.0)	1,219.8	1,242.3	(1.8)	3.3	0.8	100.0

Source: Sogefi and IHS data

At constant exchange rates sales in Europe were substantially stable (-0.4%) but were up in North America, Asia and South America (+5.3%, +9.5% and +16.2% respectively).

Performance of the three Business Units

(in millions of Euro)	Q3 2018	Q3 2017	change	constant exchange rate	9M 2018	9M2017	change	constant exchange rate
	Amount	Amount	%	%	Amount	Amount	%	%
Suspensions	136.8	144.2	(5.1)	1.5	451.5	452.9	(0.3)	5.3
Filtration	127.5	129.2	(1.3)	4.0	404.6	417.8	(3.2)	3.1
Air & Cooling	116.9	112.5	3.9	5.0	365.8	374.8	(2.4)	0.7
Intercompany eliminations	(0.5)	(1.1)			(2.1)	(3.2)		
TOTAL	380.7	384.8	(1.1)	3.5	1,219.8	1,242.3	(1.8)	3.3

Suspensions posted growth of 5.3% (-0.3% at current exchange rates mainly because of the loss in value of the South American currencies), *Filtration* grew by 3.1% (-3.2% at current exchange rates due to the South American currencies) while, lastly, *Air & Cooling* sales grew by 0.7% (-2.4% at current exchange rates, affected by the decline in car production in North America and the lower value of the US Dollar).

Operating results and net income

EBITDA came in at **€ 153.1 million**, compared to € 161.9 million in the first nine months of 2017, with profitability (EBITDA/revenues) edging down from 13% to 12.6%. The main factors determining this evolution (despite the positive effect of € 6.6 million relating to the final settlement of the Systèmes Moteurs S.A.S. claims) were the exchange rates (with a negative effect of € 6.4 million) and the higher steel prices, which had a negative impact of around € 9 million on the *Suspensions* result.

EBIT was **€ 63.7 million** down from € 70.3 million in the first nine months of 2017 and accounts for 5.2% of revenues (compared to 5.7% in 2017).

Net income before taxes and non-controlling interests was € 43.9 million (€ 51.1 million in the first nine months of 2017), after financial expense of € 19.8 million in 2018 versus € 19.2 million in 2017.

Net income was **€ 23.1 million** versus € 27.9 million in the first nine months of 2017 (1.9% of sales versus 2.2% in 2017), after € 18.3 million of tax expense in 2018 versus € 20.3 million in the previous year.

Net debt

Free cash flow amounted to a negative **€ 22.7 million** compared to a positive € 32.5 million in the same period of 2017. The difference is mainly due to the unfavourable trend of working capital, considered to be temporary (€ 18 million), the acquisition of the minority interests in the Indian subsidiary Sogefi M.N.R. Engine Systems India Pvt Ltd, in constant and profitable growth (€ 16.7 million) and the building of the new production site in Morocco (€ 12 million), which will start operating in Q4 2018, as well as the impact on free cash flow of the weaker results from *Suspensions*.

Net financial debt stood at **€ 286.2 million** at September 30 2018 versus € 264 million at December 31 2017 and € 266.7 million at September 30 2017.

Shareholders' equity

At September 30 2018 **Shareholders' equity** excluding minority interests amounted to **€ 191.4 million** (€ 177.4 million at December 31 2017).

Employees

The Sogefi group had **7,044 employees** at September 30 2018 compared to 6,947 at December 31 2017.

Results of the parent company Sogefi S.p.A.

In the first nine months of the year 2018 the parent company Sogefi S.p.A. reported net income of € 23.3 million, up from € 17.9 million in the same period of the previous year. The increase was due mainly to the higher dividends distributed by the subsidiaries (€ 4 million) and to lower non-operating charges (€ 1.4 million).

Outlook for the year

Despite the current uncertainties of the global car market, the Group confirms the expectation that it will outperform the market at constant exchange rates. The Group expects to achieve a full year net result in line with that of 2017 despite the increases in the cost of raw materials and the adverse impact of exchange rates. The Group also expects to have a positive free cash flow in the fourth quarter.

The Executive responsible for the preparation of the Company's financial statements, Yann Albrand, hereby declares, in compliance with the terms of paragraph 2 of Article 154-bis of the Finance Consolidation Act (TUF), that the accounting figures contained in this press release correspond to the results documented in the Company's accounts and general ledger.

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This press release can also be consulted on the website: <http://www.sogefigroup.com/it/area-stampa/index.html>

Attached are the key figures from the Income Statement and the Statement of Financial Position as of September 30 2018 of the Sogefi Group.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	09.30.2018	12.31.2017
CURRENT ASSETS		
Cash and cash equivalents	93.4	103.9
Other financial assets	1.0	1.5
<i>Working capital</i>		
Inventories	124.3	122.9
Trade receivables	165.8	174.0
Other receivables	11.3	5.5
Tax receivables	25.6	23.1
Other assets	3.9	2.3
TOTAL WORKING CAPITAL	330.9	327.8
TOTAL CURRENT ASSETS	425.3	433.2
NON-CURRENT ASSETS		
FIXED ASSETS		
Land	13.0	13.0
Property, plant and equipment	366.9	365.9
Other tangible fixed assets	5.7	5.6
<i>Of wich: leases</i>	<i>5.8</i>	<i>5.8</i>
Intangible assets	285.3	290.5
TOTAL FIXED ASSETS	670.9	675.0
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	-
Long term trade receivables	-	-
Financial receivables	2.6	2.2
Other receivables	30.1	37.4
Deferred tax assets	37.9	45.6
TOTAL OTHER NON-CURRENT ASSETS	70.6	85.2
TOTAL NON-CURRENT ASSETS	741.5	760.2
NON-CURRENT ASSETS HELD FOR SALE	2.3	3.4
TOTAL ASSETS	1,169.1	1,196.8

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers” and “IFRS 9 – Financial Instruments”.

LIABILITIES	09.30.2018	12.31.2017
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	7.9	14.2
Current portion of medium/long-term financial debts and other loans	75.5	66.6
<i>Of which: leases</i>	1.7	1.7
TOTAL SHORT-TERM FINANCIAL DEBTS	83.4	80.8
Other short-term liabilities for derivative financial instruments	0.5	2.6
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	83.9	83.4
Trade and other payables	345.6	373.2
Tax payables	10.8	7.8
Other current liabilities	46.8	49.4
TOTAL CURRENT LIABILITIES	487.1	513.8
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	122.2	102.0
Other medium/long-term financial debts	177.1	186.2
<i>Of which: leases</i>	5.4	6.4
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	299.3	288.2
Other medium/long term financial liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	299.3	288.2
OTHER LONG-TERM LIABILITIES		
Long-term provisions	64.5	87.0
Other payables	63.9	72.0
Deferred tax liabilities	42.7	40.7
TOTAL OTHER LONG-TERM LIABILITIES	171.1	199.7
TOTAL NON-CURRENT LIABILITIES	470.4	487.9
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.4
Reserves and retained earnings (accumulated losses)	105.8	88.4
Group net profit (loss) for the period	23.1	26.6
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	191.4	177.4
Non-controlling interests	20.2	17.7
TOTAL SHAREHOLDERS' EQUITY	211.6	195.1
TOTAL LIABILITIES AND EQUITY	1,169.1	1,196.8

Some values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers" and "IFRS 9 – Financial Instruments".

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FROM 01.01.2018 TO 09.30.2018

(in millions of Euro)

	01.01 – 09.30.2018		01.01 – 09.30.2017		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	1,219.8	100.0	1,242.3	100.0	(22.5)	(1.8)
Variable cost of sales	851.4	69.8	850.9	68.5	0.5	0.1
CONTRIBUTION MARGIN	368.4	30.2	391.4	31.5	(23.0)	(5.9)
Manufacturing and R&D overheads	115.3	9.5	117.2	9.4	(1.9)	(1.4)
Depreciation and amortization	85.9	7.0	83.2	6.7	2.7	3.2
Distribution and sales fixed expenses	30.7	2.5	33.5	2.7	(2.8)	(8.0)
Administrative and general expenses	65.3	5.4	65.6	5.3	(0.3)	(0.5)
Restructuring costs	4.1	0.3	8.7	0.7	(4.6)	(52.5)
Losses (gains) on disposal	-	-	(0.2)	-	0.2	82.6
Exchange losses (gains)	3.9	0.3	1.4	0.1	2.5	163.1
Other non-operating expenses (income)	(0.5)	-	11.7	0.9	(12.2)	(104.2)
EBIT	63.7	5.2	70.3	5.7	(6.6)	(9.5)
Financial expenses (income), net	19.8	1.6	19.2	1.5	0.6	2.8
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	43.9	3.6	51.1	4.2	(7.2)	(14.1)
Income taxes	18.3	1.5	20.3	1.8	(2.0)	(10.1)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	25.6	2.1	30.8	2.4	(5.2)	(16.7)
Loss (income) attributable to non-controlling interests	(2.5)	(0.2)	(2.9)	(0.2)	0.4	13.4
GROUP NET RESULT	23.1	1.9	27.9	2.2	(4.8)	(17.0)

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers”.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2018

(in millions of Euro)

	07.01 – 09.30.2018		07.01 – 09.30.2017		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	380.7	100.0	384.8	100.0	(4.1)	(1.1)
Variable cost of sales	267.6	70.3	264.0	68.6	3.6	1.3
CONTRIBUTION MARGIN	113.1	29.7	120.8	31.4	(7.7)	(6.3)
Manufacturing and R&D overheads	38.5	10.1	36.9	9.6	1.6	4.3
Depreciation and amortization	29.9	7.8	26.9	7.0	3.0	11.2
Distribution and sales fixed expenses	9.3	2.4	10.7	2.8	(1.4)	(13.0)
Administrative and general expenses	20.1	5.3	20.7	5.4	(0.6)	(2.9)
Restructuring costs	1.5	0.4	2.8	0.7	(1.3)	(47.6)
Losses (gains) on disposal	-	-	-	-	-	n.a.
Exchange losses (gains)	0.8	0.2	0.8	0.2	-	8.4
Other non-operating expenses (income)	(6.2)	(1.6)	0.9	0.2	(7.1)	(798.2)
EBIT	19.2	5.1	21.1	5.5	(1.9)	(9.1)
Financial expenses (income), net	6.3	1.6	6.4	1.7	(0.1)	(2.7)
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	12.9	3.5	14.7	3.8	(1.8)	(11.9)
Income taxes	6.4	1.8	5.4	1.4	1.0	18.7
NET RESULT BEFORE NON-CONTROLLING INTERESTS	6.5	1.7	9.3	2.4	(2.8)	(29.8)
Loss (income) attributable to non-controlling interests	(0.4)	(0.1)	(0.8)	(0.2)	0.4	42.5
GROUP NET RESULT	6.1	1.6	8.5	2.2	(2.4)	(28.6)

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers”.

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	09.30.2018	12.31.2017	09.30.2017
A. Cash	93.4	103.9	103.6
B. Other cash at bank and on hand (included held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	93.4	103.9	103.6
E. Current financial receivables	1.0	1.5	1.1
F. Current payables to banks	(7.9)	(14.2)	(13.0)
G. Current portion of non-current indebtedness	(75.5)	(66.5)	(79.1)
H. Other current financial debts	(0.5)	(2.7)	(4.3)
I. Current financial indebtedness (F) + (G) + (H)	(83.9)	(83.4)	(96.4)
J. Current financial indebtedness, net (I) + (E) + (D)	10.5	22.0	8.3
K. Non-current payables to banks	(122.2)	(102.0)	(91.6)
L. Bonds issued	(170.1)	(178.9)	(179.0)
M. Other non-current financial debts	(7.0)	(7.3)	(7.9)
N. Non-current financial indebtedness (K) + (L) + (M)	(299.3)	(288.2)	(278.5)
O. Net indebtedness (J) + (N)	(288.8)	(266.2)	(270.2)
Non-current financial receivables	2.6	2.2	3.5
Financial indebtedness, net including non-current financial receivables	(286.2)	(264.0)	(266.7)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	September 30, 2018	December 31, 2017	September 30, 2017
SELF-FINANCING	108.8	165.8	130.5
Change in net working capital	(43.0)	9.3	(9.9)
Other medium/long-term assets/liabilities	2.8	1.8	2.6
CASH FLOW GENERATED BY OPERATIONS	68.6	176.9	123.2
Net decrease from sale of fixed assets	0.1	0.5	0.4
TOTAL SOURCES	68.7	177.4	123.6
Increase in intangible assets	25.2	40.0	27.1
Purchase of tangible assets	66.1	104.2	64.1
TOTAL APPLICATION OF FUNDS	91.3	144.2	91.2
Exchange differences on assets/liabilities and equity	(0.1)	1.2	0.1
FREE CASH FLOW	(22.7)	34.4	32.5
Holding Company increases in capital	0.3	1.3	1.3
Increase in share capital of consolidated subsidiaries	0.1	0.2	0.2
interests	-	(2.6)	(2.6)
Change in fair value derivative instruments	0.1	1.7	0.9
CHANGES IN SHAREHOLDERS' EQUITY	0.5	0.6	(0.2)
Change in net financial position	(22.2)	35.0	32.3
Opening net financial position	(264.0)	(299.0)	(299.0)
CLOSING NET FINANCIAL POSITION	(286.2)	(264.0)	(266.7)

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers”.

Fine Comunicato n.0246-43	Numero di Pagine: 10
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